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Introduction

As a rural business person, you probably want to make enough profit to support yourself and your family comfortably. Through research, good planning and a bit of luck, you can expect to reach this goal.

Notice the use of the words planning and research: the more research and planning you do, the more luck comes your way!

In the past, growers and manufacturers created a product and then tried to sell it. Today, successful business people are market-driven: they provide exactly what the customer wants and needs, throughout the life of the business. Every decision, from research through production, to storage, packaging, shipping and promotion, should reflect the customer's desires.

Many new businesses fail in their first two or three years of operation for a variety of reasons: insufficient financing, poor location, demands that clash with the owner's personality and lifestyle, or simply a lack of customers. But look closely at those failures and it becomes clear that in most cases the blame should fall on poor planning. This guide has been developed to help you improve your chances of success by explaining the most basic steps for creating a marketing plan. With enough research to support it, your plan should lead to profits.

RESEARCH + PLAN = PROFIT

What is a marketing plan?

As a major component of the business plan (discussed in Factsheet Preparing Business Plans, Agdex 811, Order No. 92-072), your marketing plan outlines the steps you will take to match your customers' needs with the best products and services you can provide. It helps you decide how to spend your marketing budget. And it keeps you from making costly mistakes by reminding you what your business really is. There can be no successful business plan without a marketing plan.

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All kinds of organizations need marketing plans. The community orchestra, the accountant working from her living room, your favourite radio station and even your local child care centre have to create the right services and products for their clients. They also must tell people that they have something valuable for sale. Whether your business is agriculture, food processing or some kind of service to the community, the marketing concepts all fit.

The marketing plan is your project management tool. It outlines your basic goals and the things you will do to design each of these marketing mix elements:

1. the product and services you will offer for sale;
2. the product's wholesale and retail prices;
3. your customers, and the distribution network (place) or path your product will travel to get to them; and
4. the promotional methods you will use to let potential buyers find out that your product exists.

In addition, a good plan will make sure that your product and services match the image you want to create.

Gear the plan so that its purpose is decision-making. Although it is tempting to include every bit of information you have been able to gather, to function well the plan should contain only what will aid your, and your financiers', business decisions. If some necessary details are unavailable for some reason, do not exclude the section; rather, explain why the details are unavailable so that informed judgments can be made. Keep the plan brief and use simple language.

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The Marketing Plan

I. **Research Your Situation**

- competition
- environment
- resources

II. **Set Objectives & Strategies**

- objectives
- strategies
- sales target and funds required

III. **Evaluate**

- Your products and services can only sell as long as they provide solutions to someone's problems. Here are some of the major steps to finding out what problems exist and how to profit from them.

How do I write a marketing plan?

Let's say you believe chinese cabbage is in demand in southern Ontario and New York State. You have been thinking about growing the vegetable, but you want to be sure your efforts will make money. To minimize your risks before you invest, you know you should gather enough information about all four marketing mix elements to feel confident that you will earn a profit.

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I. Research Your Situation

Before you can plan what you want to accomplish and how to do it, you will need to find out what is going on in your business world. Just as you listen to the weather report so you can choose the clothing that will keep you most comfortable outside, you will want to learn about the history, current trends and forecast for the chinese cabbage market. Only then can you choose the best marketing strategies.

Gathering market research can be done in several ways. The easiest and least expensive way, the one to start with, is using the library. You will find that much of the information you need has already been collected. Read trade magazines, business papers, and industry association reports. And talk with government agencies, Statistics Canada, chambers of commerce, universities and municipal business development offices.

Then, go to the people you'll be doing business with. Ask questions of potential buyers, consumers, wholesalers, retailers, suppliers and anyone else you think may have useful information. Make sure that the data you collect is useful, that it will help you make your planning decisions.

At some stage in your research you may be thinking about formally interviewing people who might buy from you. You can develop your own survey, but sometimes it is worth the money to get a professional researcher to do this for you. A well-designed survey will give you answers that are complete and unbiased. Then you can ask your customers to respond to the expert's questionnaire.

A) Competition

To ensure you are not just offering the same cabbage to the same markets as your competition (a "me-too" product), you must find out what your competition is doing in each of the four marketing mix elements. Then find out what people will pay you to do better. By conducting this research you hope to discover holes, or niches, in the market - that is, demands that are not being met. This knowledge will help you choose the most favourable niche(s) into which you can introduce your cabbage.

1. Who else is selling Chinese cabbage? What other vegetables can be substituted for Chinese cabbage, and how easily can these be purchased? What quality, trimming, processing, packaging and services are offered? (the product)

2. What wholesale and retail prices do these other cabbages and substitute vegetables sell for? What would entice buyers to pay more?

3. Who buys and eats these vegetables and how do they get to the consumer? (the distribution network)

4. How do your competitors promote their cabbages? Think about their advertising, the events they sponsor, newspaper stories written about them and other ways they let people know they have cabbages for sale.

B) Environment

Next, research the industry environment into which you will be introducing your product.

1. What is the overall market size and growth rate? (How many people in Ontario and New York State will buy Chinese cabbage? Is this demand growing? Has it levelled off? Is it decreasing?) How is the cabbage eaten and how often?

2. What kind of person buys and eats Chinese cabbage? Consider their age, sex, income, family size, lifestyle, cultural background and geographical location.

3. Are these characteristics likely to change in the next few years due to economic, political or other factors?

4. How difficult is it to enter this market? Are there any political or legal constraints to growing, packaging, distributing and promoting Chinese cabbage in Ontario or New York?

5. Do you foresee any problems in buying seed, pesticides, packaging materials and other supplies?

6. When you introduce your new cabbage onto the market, how do you expect your competitors to react?

C) Resources

You will want to make a list of resources you have now, or have access to. Doing so will help you decide if you can fill your market niche.

1. What are the strengths and weaknesses of your current business?

2. What is your production capacity and potential for growth over the next five years?

3. How much money, time and labour can you invest?

4. Are you capable of meeting the demands of the distribution channels you intend to use?

5. Does your family support your business decision, and does it complement your lifestyle and theirs?

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II. Set Objectives and Strategies

Once you feel comfortable with the research results you have gathered, and have identified the unique advantages your cabbage offers, you can make a decision to go ahead with your plan. You must then state your overall marketing objectives and the steps you will take to satisfy these objectives.

A) Objectives

1. Write a long-term and short-term goal for your business. Make sure that these are specific enough that you can measure your success. You want to know that these objectives are realistic - compatible with competitive factors, the market environment, your resources, and with each other. Do not just say that you want to sell Chinese cabbage to urban dwellers in Ontario and New York. Instead, plan to capture, say, five per cent of the southern Ontario and western New York Asian food service cabbage market in your first year, and 10 per cent by the end of your fifth.

2. Decide what image will be most profitable for your cabbage business. The niche market you intend to fill will determine this. Do you plan to sell a lower-priced commodity, in waxed cardboard cartons. with no brand identity? Doing so may be appropriate for processing clients. However, if you plan to sell to high-end restaurants or retail stores whose customers are willing to pay for freshness and convenience, you will want to develop services, attractive packaging and perhaps some special processing treatments.

3. List the specific results you wish for each marketing mix element - product and packaging, price, distribution, promotion - for both the first year of operation and over the life of the business. Again, make these results precise and measurable so that by the end of the planning period you can tell whether or not you succeeded.

B) Strategies

The strategy section will be the most detailed, and perhaps the most important, part of your marketing plan. This is where you set out, step by step, exactly what you will do to meet the needs of your targeted buyers, and to attract them to your product.

It will probably become clear during the course of your research that there are

several possible niches for your cabbage, and several ways to fill those niches. Because you will have limited resources, you must rank all these possible strategies, according to their costs and the benefits you expect in return. While you have to choose the "best" strategies for your marketing plan, you should keep a list of all of your options. Then, if you find your plan is not working as well as you had hoped, you may be able to alter it by doing something else.

1. List and explain what strategies, or specific actions, you will use to meet your objectives for each marketing mix element. Outline exactly what cabbage product and services you will offer, your wholesale and retail prices, who your customers and their customers will be and how you will distribute your cabbages to them. Then describe the promotional methods you will use.

2. Once you have listed in detail what steps you will take, decide when you should start and finish each one. You will be doing many things at once, but each step should be coordinated. For example, you do not want to order promotional materials with photos of your wrapped and boxed cabbages before you have decided what packaging materials and labels you will be using.

3. Try to predict how your competitors will respond to your entry into the market. What will you do to protect your business?

4. Consider opportunities for product diversification or market expansion: will you be in the same business in five or more years (your long-range outlook)? If not, what changes might you be making over the years?

C) Sales Target and Funds Required

While you have already set your objectives, these may not have included the actual sales numbers you expect to reach in the first couple of years of operation. Try to estimate your sales using data you have gathered about the size of your potential market and the share that you think you can attract. For example, if you are going to capture five per cent of the southern Ontario and western New York market, and you know that the total potential market can buy about $1 million worth of Chinese cabbage then your sales figures for year one should be about $50,000.

Here is where you create some breathing space in your plan. Since so many factors influence the success of your venture, making three sets of sales projections is safest.

Your optimistic target, while still realistic, will allow for the best possible outcome considering all factors. The pessimistic target will show the least likely sales figure, given the same factors. Finally, you can set your most likely projection.

You know what steps you will be taking to reach your goals. Now is the time to add up what these steps will cost, for each of your sales projections. Can you afford to proceed even if your worst projection comes true? If not, perhaps you need to choose other strategies. Take time to rework your plan. Once you feel comfortable, you are ready to go.

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III. Evaluate

Now that you have begun to set your strategies in motion, you may find that not everything is working out as well as you had hoped. Or maybe your business is developing even better than expected. In either case, by evaluating your results you can decide what changes you should make to the plan. In evaluating, you are comparing the plan and its time frame with what is actually happening with your business, with your competition, marketplace and the general environment.

Evaluations are absolutely necessary, and should be done throughout the life of the business. All the market conditions and competitive information you spent so much time researching will not stay the same. If you are aware of the changes taking place and adapt your plan to them, your chances of survival increase substantially. In fact, with the best research and planning, you may be the one

Chinese cabbage producer whose business thrives.

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My Marketing Plan

I. Research

Competition's

- product & services
- prices
- distribution network (place) & customers
- promotion

Environment

My Resources

- now
- available to me

II. My Plans

My Objectives

My Strategies

- my business image
- products & services
- prices (wholesale & retail)
- distribution network (place) & customers
- promotion
- how will my competition react? what will I do in response?

My Sales Target

#_____, $_____ by _____, 199__ (optimistic) my costs _____

#_____, $_____ by _____, 199__ (pessimistic) my costs _____

#_____, $_____ by _____, 199__ (most likely) my costs _____

III. Evaluate

In detail every _____ months

Informally every day

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Resources

Listed below are some of the many publications, organizations and institutions offering business and market planning advice to rural entrepreneurs.

· Ontario Ministry of Agriculture, Food and Rural Affairs (OMAFRA)

Rural Business Development, 1-888-466-2372; offers business planning, market planning and production advice to rural entrepreneurs and organizations

OMAFRA has agricultural representatives, business management advisors and rural community advisors in regional offices

OMAFRA Factsheet Preparing Business Plans, Agdex 811, Order No. 92-072, and other factsheets that you can find in your regional office, or on OMAFRA's World Wide Web page at this Internet address: http://tdg.uoguelph.ca/omafra

- Ontario Ministry of Economic Development, Trade and Tourism (MEDTT) regional offices for advice and small business guidebooks such as Starting a Small Business in Ontario
- Canada-Ontario Business Service Centre provides information about business programs, services and regulations; information by telephone 1-800-567-2345; information by fax 1-800-240-4192
- Ontario Business Registration Access offers electronic filing of up to 5 different registration forms for new business owners; 1-800-565-1921

Farming Alternatives: A guide to evaluating the feasibility of new farm-based enterprises, 1988, Northeast Regional Agricultural Engineering Service, Cornell University, 152 Riley-Robb Hall, Ithaca, New York, 14853

- municipal government business development offices and small business counselling centres
- Business Development Bank of Canada, Farm Credit Corporation and other financial institutions
- libraries
- university and college courses

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